

SEP 1950

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EUROPE

1. GERMANY: Schumacher remains opposed to rearmament--
German Socialist leader Schumacher has stated to US High Commissioner McCloy that he opposes German rearmament at this time because it would prevent the reunification of Germany and has reiterated that German rearmament now would expose a weak West Germany to Soviet retaliation. From a long conversation with Schumacher, McCloy concludes that Schumacher's dominant objective is the reunification of Germany. Schumacher implied that he might possibly accept temporary neutralization as the price of unification, insisting that anti-Communist forces would prevail in a neutralized Germany, particularly if the West would continue to give economic assistance and grant equality of rights. Schumacher is opposed, however, to buying Soviet agreement on unification at the price of any arrangements which would establish the equality of East and West Germany or to any deviation from the principle that free elections must precede the establishment of any new all-German governing body. He objects to direct dealings between the West and East German regimes, even of an exploratory nature, as proposed in the Grotewohl letter.

East German effort to block Western rearmament--
In commenting on a recent East German "law for the protection of peace" (which provides severe penalties for all Germans supporting a German contribution to Western European defense), the US High Commission in Berlin regards it both as an effort to intimidate West Germans and Berliners from supporting West German rearmament and as a "legal" basis for further repressive measures in East Germany. The Commission also points out that with respect to Berlin the measure offers a means of deterring travel (except by air) between West Berlin and either East or West Germany. Although the law has thus

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far been used principally for propaganda purposes, the Commission considers it possibly significant and perhaps indicative of Communist concern over [redacted] activities that West Berlin press representatives have been singled out for specific threats under the law and have been the object of one or two recent kidnapping attempts.

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